



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
-----------------	-------------	----------------------	---------------------	------------------

09/914,287

08/23/2001

William L. Honnef

53588-0510

4132

29989

7590

09/15/2009

HICKMAN PALERMO TRUONG & BECKER, LLP
2055 GATEWAY PLACE
SUITE 550
SAN JOSE, CA 95110

EXAMINER

LE, KHANH H

ART UNIT

PAPER NUMBER

3688

MAIL DATE

DELIVERY MODE

09/15/2009

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/914,287
Filing Date: August 23, 2001
Appellant(s): HONNEF ET AL.

Zhichong Gu

For Appellant

EXAMINER'S ANSWER

This is in response to the Appeal Brief (corrected) filed June 19, 2009 (herein, "Br.,")
appealing from the Office Action mailed October 20, 2008 (herein, "OA, ").

Art Unit: 3688

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(Claims 24, 27, and 31 have been canceled after the final rejection. Hence, claims 1-19, 23, 25, and 29 are pending in this application, of which Claims 14, 25, and 29 are withdrawn from consideration, and of which Claims 1-13, 15-19, and 23 were finally rejected, and are the subject of this appeal. Claims 20-22, 24, 26-28, 30, and 31 have been canceled).

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is not correct. Claim amendments for the sole purpose of canceling Claims 24, 27, and 31 which have been filed concurrently with this Appeal Brief in a separate paper under C.F.R. § 1.116(b)(1), have been entered.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

Art Unit: 3688

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,615,189	PHILLIPS et al.	9-2003
6,138,106	Walker et al.	10-2000

Official Notices.

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 102

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

3. **Claims 1-3, 5, 7-11, 13, and 23 are rejected under 35 U.S.C. 102(e) as being anticipated by Phillips et al., US 6615189.**

Art Unit: 3688

Independent claims 1 and 23 and dependent claims 2, 8 and 10:

Phillips discloses:

A method of processing an electronic stored value certificate (abstract),
comprising the computer-implemented steps of:

receiving and storing certificate information that identifies a recipient of the certificate, a recipient address (e.g. col. 4 lines 31-37), and an amount of the electronic stored value certificate (e.g. col. 3 lines 44-47);

issuing the electronic stored value certificate, from a certificate issuer in response to successfully carrying out a purchase transaction, **that** transfers value from a first account associated with a purchaser of the electronic stored value certificate to a second account associated with a merchant; and

creating and storing a unique identification value for the electronic stored value certificate in association with the certificate information as part of issuing the electronic stored value certificate;

storing an initial face value of the electronic stored value certificate,

determining a new face value by reducing the initial face value of the electronic stored value certificate by a portion of the initial face value in response to receiving information indicating redemption at the merchant of the portion of the initial face value for goods or services, and

storing the new face value of the electronic stored value certificate (e.g. abstract; Figure 1 and associated text; col. 3 line 41 to col. 4 line 45 explicitly and/or implicitly disclose all the above steps);

displaying the new face value of the electronic stored value certificate to the recipient;
repeating the steps of determining [[and]] storing, and displaying the new face value in response to successively received redemption information until the new face value of the electronic stored value certificate is zero (e.g. col. 4 lines 46-57; col. 5 lines 1-5; col. 2 lines 57-59 and 65-67:
stored value card is used till balance is zero and recipient being able to add value to the card via internet suggests the claimed steps of displaying, storing, and redisplaying the new face value, to

Art Unit: 3688

apprise recipient of current value, after successive redemptions, and to enable adding more value);

wherein the unique identification value is a random value (a unique identification value is implicit to uniquely identify the stored value card or account, see col. 3 lines 58-60; such value is also interpreted as being a random value);

wherein the unique identification value is operable for redemption of the electronic stored value certificate at the merchant by communication of the merchant with the certificate issuer in a redemption transaction that does not traverse the commercial credit card network and wherein the unique identification value is non-negotiable in a commercial credit card network (e.g. col. 3 lines 58-67 and col. 3 lines 2-5 :even though the commercial credit card network may be an affiliate, it is only one possible embodiment in Philips ; a “third party processor” suggests a non-credit card entity).

(**Note:** The instant specification discloses tracking the face value but not specifically to a zero balance. Though this may be implied, it is noted PHILLIPS discloses as much as the specification.)

Claim 3:

PHILLIPS discloses the method of claim 1 above and further discloses the gift-giver profile is taken from prior sales data (Figure 1 and associated text: e.g. item 100: solicitation of gift-giver; item 140: access her profile).

Claims 5, 9 and 11:

PHILLIPS discloses the method of claim 1 above and further discloses redemption against many sellers' products (col. 5 lines 36-43) and necessary relationships with sellers are established (col. 5 lines 36-43). Implicitly that means remitting by a computer (e.g. Fig. 2 item 332 or Figure 1 items 190, 200, 220) to sellers the value corresponding to their products that gift recipient selects. Which reads on “generating and returning an amount redeemed to a merchant“.

Claim 7:

Art Unit: 3688

The limitations of claim 7 are interpreted as a redemption process by gift recipient wherein recipient information including certificate current balance is updated. As discussed above, PHILLIPS discloses the method of claim 1 above and thus discloses all limitations of claim 7.

Claim 13:

PHILLIPS discloses the method of claim 1 above and further discloses a call center for redemption (e.g. Figure 2 item 240 and associated text).

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. **Claim 4 is rejected under 35 U.S.C. 103(a) as being unpatentable over Phillips as applied to claim 1 above, and further in view of Walker et al., US 6138106.**

Claim 4:

Phillips discloses the method of claim 1 above. As discussed above, Phillips discloses displaying the new face value of the electronic stored value certificate to the recipient; repeating the steps of determining [[and]] storing, and displaying the new face value in response to successively received redemption information until the new face value of the electronic stored value certificate is zero (e.g. col. 4 lines 46-57; col. 5 lines 1-5; col. 2 lines 57-59 and 65-67: stored value card is used till balance is zero and recipient being able to add value to the card via internet **suggests** the claimed steps of displaying, storing, and redisplaying the new face value, **to**

Art Unit: 3688

apprise recipient of current value, after successive redemptions, and to enable adding more value).

This means Phillips discloses “a statement” as claimed, because “a statement” is interpreted as the current value of the certificate.

Phillips discloses an email notification to recipient and recipient ability to view the certificate as discussed above but does not specifically disclose “a hyperlink that contains the unique identification value so the recipient may view the certificate”. However, as discussed in previous Office Actions, Walker discloses such electronic mail notification message to the recipient of the electronic stored value certificate that includes a hyperlink that contains the unique identification value so the recipient may view the certificate within a browser (col. 7 lines 56-58; col. 5 lines 27-37). Thus it would have been obvious to a person having ordinary skill in the art at the time the invention was made (herein a “PHOSITA”) to add such teaching of Walker to Phillips to facilitate viewing of the certificate and its status.

6. Claims 6, 12 and 15-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over PHILLIPS as applied to claim 1 above in view of legal precedents and/or Official Notice.

Claim 6: PHILLIPS discloses the method of claim 1 above. PHILLIPS does not specifically disclose “applying the electronic stored value certificate to the order by reducing the current value of the electronic stored value certificate to zero) ; and attempting to receive the balance due for the order by carrying out a charge transaction that transfers value from an account associated with the recipient of the electronic stored value certificate to a certificate issuer with which the electronic stored value certificate may be redeemed; and restoring the electronic stored value certificate to its previously determined current value in response to failure of the charge transaction.”

Art Unit: 3688

However, PHILLIPS discloses the card balance is depleted against purchases till it becomes zero (*col.4 lines 48-54*) and recipient can add value by other means including charge cards (*col. 4 lines 54-56; col. 5 lines 1-8*).

Thus, in case the stored value card balance is insufficient for a certain purchase, it would have been obvious to a person having ordinary skill in the art at the time the invention was made (herein a “PHOSITA”), from the PHILLIPS’s teachings above, to “appl[y] the electronic stored value certificate to the order by reducing the current value of the electronic stored value certificate to zero; and then attempt[t] to receive the balance due for the order by carrying out a charge transaction that transfers value from an account associated with the recipient of the electronic stored value certificate to a certificate issuer with which the electronic stored value certificate may be redeemed” in order to cover the insufficient funds” as claimed, (i.e. this would be an obvious alternative to allowing adding value to the stored value card, as taught by PHILLIPS) to allow completing the purchase.

Further, customarily if there are insufficient funds, the purchase would be void too. Thus in case the recipient attempts to add needed value by charge card and fails, it would have been obvious to a PHOSITA to void the purchase transaction and restore the electronic stored value certificate to its previously determined current value.

Claim 12:

PHILLIPS discloses the method of claim 1 above but does not specifically disclose selling its own a “merchant-branded” stored value certificate to gift giver. However it discloses stored value cards which are credit cards and which are co-branded with a sponsor (i.e. merchant) (*col. 5 lines 64-65*). Thus it would have been obvious to a PHOSITA to delete the credit card function if this function is not desired for any reason and arrive at the claimed invention because the deletion of the element with a corresponding loss of function has been held to be obvious, see *In re Karlson*, 136 USPQ 184, 186; 311 F2d 581 (CCPA 1963).

Claims 15-17:

PHILLIPS discloses the method of claim 1 above.

Art Unit: 3688

However PHILLIPS does not disclose (Claim 15) a condition to redeem a minimum purchase amount; (claim 16) recipient needs be first time customer ; (claim 17) a condition to buy specified goods and services.

However, Official Notice is taken that it is old and well-known for companies to provide employee rewards or for merchants to provide loyalty values in the form of reward certificates. It would have been obvious to one skilled in the art at the time the invention was made to use the PHILLIPS system as a vehicle to effect providing such loyalty or reward values. It is also well-known to impose conditions, such as the claimed limitations above, usually for co-branding purposes or to promote sales of a sponsoring merchant. Thus it would have been obvious to a PHOSITA to impose the above claimed conditions to the PHILLIPS system to achieve the above co-branding, or sales promotions goals.

(Note: Phillips at col. 5 line 62 to col. 6 line 2, in another embodiment with stored card as credit card, is support for the Official Notice that a condition to buy specified goods and services (claim 17) is old and well-known).

Claims 18 and 19:

PHILLIPS discloses the method of claim 1 above.

However, PHILLIPS does not disclose taxes, shipping or handling charges added to the purchase total , and “determining whether applying the current value of the electronic stored value certificate to the amount of the order results in a balance due for the order, and if so, generating information that prompts the recipient to add value to the certificate.”

However, Official Notice is taken that taxes are often added to a purchase price and also it is customary to include shipping and handling charges. Thus when necessary, they obviously would have been added to a PHILLIPS 's purchase by a PHOSITA.

Further PHILLIPS discloses recipients adding value by charge card when the certificate value is not sufficient for the total purchase price (col. 9 lines 42-48 and 16-24).

Thus, it would have been obvious to a PHOSITA to add the above claimed limitation to PHILLIPS , in case adding taxes, shipping or handling charges would exceed the gift value to afford the total purchase.

(10) Response to Argument

I. **Applicant first argues that Phillips does not disclose a purchase transaction that transfers value from a first account associated with a purchaser of the electronic stored value certificate to a second account associated with a merchant (Br. 6, 7, 8).**

First, the claimed step is *“issuing the electronic stored value certificate from a certificate issuer in response to successfully carrying out a purchase transaction that transfers value from a first account associated with a purchaser of the electronic stored value certificate to a second account associated with a merchant”* (emphasis added).

‘[T]hat’ in the phrase “that transfers..” may be read as qualifying “the electronic stored value certificate”, in which case, when the electronic stored value certificate is redeemed, value is effectively transferred from a purchaser (i.e. the gift giver)’ s account to a redeeming merchant account. This was the interpretation taken by the Examiner and Phillips discloses that limitation, as interpreted. **In other words, the limitation basically just means that someone bought the certificate.**

As stated earlier, see OA p.11, 1st full paragraph:

“...[H]owever, all this means is that if the purchase card is used at the merchant the merchant’s account is credited with value which is transferred from the account of a purchaser of the purchase card. Applicant agrees *“Phillips describes a method in which an offeror such as a credit card issuer may issue a purchase card to a customer (see col. 3 lines 1-3). Specifically, Phillips at col. 3 lines 39-47 discloses that a transaction may be posted to a purchaser’s credit card. In the same passage, Phillips states that, in another embodiment, a purchaser may use check, cash, or other financial methods to obtain a purchase card.”* Thus Phillips discloses exactly that if the purchase card is used at the merchant the merchant’s account is credited with value which is transferred from the account of a purchaser of the purchase card.”

Art Unit: 3688

Second, Applicant is arguing what is not in the claim. That is, the phrase “*that transfers value...*” is outside the scope of the claim step which is only to issue a stored value certificate in response to a purchase transaction. In other words, how money is transferred, and between which parties (issuer or merchant), does not affect the step of issuing the stored value certificate. Thus the claim limitation “*that transfers value...etc..*” should not be given patentable weight. **Contrary to argument, the transfer of value is not a positively recited feature of Claim 1.**

As stated earlier, see OA p. 11:

“c. Applicant also argues:” *Phillips specifically teaches away from an approach in which electronic stored value certificate, issued after a transfer of funds to an account of a merchant, is redeemed at the same merchant that has received the transferred value as claimed. See col. 1 lines 25-29.*” **However this approach (underline emphasis added) is not claimed.** “

Third, the phrase “*that transfers value from a first account associated with a purchaser of the electronic stored value certificate to a second account associated with a merchant*”, if taken as qualifying the “*purchase transaction*”, may also be interpreted as non-functional descriptive material, to which no patentable weight should be given. That is, consider that the issuer issues the certificate in response to a signal which signals that an event has taken place. Here, the signal is a “*successful purchase transaction **that transfers value** from a first account associated with a purchaser of the electronic stored value certificate to a second account associated with a merchant*”. That is, the whole limitation is just the meaning or content of the signal, not any positively recited act.

II. Appellant next argues Phillips Fails to Describe a Redemption Transaction that Does Not Traverse the Commercial Credit Card Network (Br. 9).

Art Unit: 3688

However, first, Phillips discloses “*wherein the unique identification value is non-negotiable in a commercial credit card network*” when this phrase is interpreted as explained below (see OA p. 10):

“a. Applicant argues Phillips does not disclose “*wherein the unique identification value is operable for redemption of the electronic stored value certificate at the merchant by communication of the merchant with the certificate issuer in a redemption transaction that does not traverse the commercial credit card network and wherein the unique identification value is non-negotiable in a commercial credit card network*” at e.g. col. 3 lines 58-67 and col. 3 lines 2-5 .

The examiner had interpreted that, in Phillips, “even though the commercial credit card network may be an affiliate, it is only one possible embodiment in Philips; a “third party processor” suggests a non-credit card entity”. Applicants disagreed. **However a specific definition of “wherein the unique identification value is non-negotiable in a commercial credit card network” can not be found in the specification** thus the Examiner’s interpretation, under the broadest reasonable interpretation rule, that a “third party processor” can be considered a non-credit card entity, is reasonable. **The Examiner notes that any negative limitation or exclusionary proviso must have basis in the original disclosure. See MPEP 2173.05(i). In absence thereof, the Examiner’s interpretation above is reasonable..”.**

In the Summary of Claimed Subject Matter, the Appellant now states that “*wherein the unique identification value is operable for redemption of the electronic stored value certificate at the merchant by communication of the merchant with the certificate issuer in a redemption transaction that does not traverse the commercial credit card network*” is supported by Specification at page 20, line 31 -page 21, line 3; page 7, lines 18-23; page 9, line 27 -page 11, line 5. Further Appellant asserts that “*non-negotiable a commercial credit card network* “ in “*wherein the unique identification value is a random value that is non-negotiable in a commercial credit card network* “ is supported by e.g., page 16, lines 14 - 17 “Customer Number and Card Number fields each are assigned a unique identifier value[E]ach identifier value comprises a 15-digit randomly generated number, and a checksum digit”; payment server 113 of

Art Unit: 3688

FIG. 1A page 8, lines 16-21 "for the purpose of submitting payment transaction to credit card clearance networks, the automated clearing house network, wire transfer networks, etc.").

Thus applicant's support for these limitations is merely these sections and these are merely exemplary and do not constitute specific definitions of the limitations. Thus in the absence of specific definitions, as stated earlier, the examiner reasonably interpreted that, in Phillips, "even though the commercial credit card network may be an affiliate, it is only one possible embodiment in Phillips; a "third party processor" suggests a non-credit card entity".

Second, even assuming, arguendo, that Phillips does not teach a redemption transaction that does not traverse the commercial credit card network, **Appellant again argues what is not in the claim.**

The relevant claim step is (emphasis added) :

"creating and storing a unique identification value for the electronic stored value certificate

in association with the certificate information as part of issuing the electronic stored value certificate;

....

wherein the unique identification value is a random value that is non-negotiable in a commercial credit card network;

*wherein the unique identification value is operable for redemption of the electronic stored value certificate at the merchant by communication of the merchant with the certificate issuer **in a redemption transaction that does not traverse the commercial credit card network.**"*

Claim 1 is a method claim. A method or process is an act or a series of acts. See *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972) ("A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing."). See also *In re Kollar*, 286

Art Unit: 3688

F.3d 1326, 1332 (Fed. Cir. 2002) (“[A] process...consists of a series of acts or steps.... It consists of doing something, and therefore has to be carried out or performed.”).

No *actions* are positively recited when it is just said that something is “operable”. Thus the whole phrase “*wherein the unique identification value is operable for redemption of the electronic stored value certificate at the merchant by communication of the merchant with the certificate issuer in a redemption transaction that does not traverse the commercial credit card network*”, not positively recited, should not be given patentable weight. Hence, similarly, for “*in a redemption transaction that ... does not traverse the commercial credit card network.*”, as part of the phrase, is not given patentable weight (since “*in a*” only sets the context of the ability to redeem).

As to “*wherein the unique identification value is a random value that is non-negotiable in a commercial credit card network*”, the unique identification value being a random value, is non-functional descriptive material. That is, whether the unique identification value is a random value or not, does not affect the positively recited steps of creating and storing the value.

III. Appellant next argues the card of Phillips has no display capability and is not itself depicted on a screen or display (Br. 11, 2nd paragraph) but this is arguing what is not in the claim.

The limitation is “displaying the new face value of the electronic stored value certificate to the recipient”. That is, the limitation is not “the electronic stored value certificate displaying”, i.e. the card of Phillips does not have to have display capability to meet this limitation. (Also it is not either, the card itself being depicted on a screen or display that is claimed, as argued during prosecution). It suffices, to meet the limitation, that the new face value of the electronic stored value certificate be displayed to the recipient. Phillips does this when it allows card users to add money to the electronic stored value certificate .

As explained, in the OA p. 11-12:

“d. Applicant also argues the card of Phillips has no display capability and is not itself depicted on a screen or display. *However the card having display capability is not claimed. Also it is not the card itself being depicted on a screen or display that is claimed but “displaying the new face value of the electronic stored value certificate”.*

*The Examiner had explained how Phillips suggests this: at col. 4 lines 46-57; col. 5 lines 1-5; col. 2 lines 57-59 and 65-67: “ the stored value card is used till balance is zero **and recipient being able to add value to the card via internet suggests the claimed steps of displaying, storing, and redisplaying the new face value, to apprise recipient of current value, after successive redemptions, and to enable adding more value**””.*

IV. Claim 2: Appellant argues Phillips does not anticipate claim 2 which depends on claim 1 and recites “*generating information defining a graphic image, in the form of a gift certificate, promotion certificate, incentive certificate, or award certificate, and that contains the certificate information, for display by a client computer associated with the recipient.*”. In response, Examiner would point to Phillips col. 3 lines 63-64, where the card (i.e. the certificate) is imprinted with certificate information such as account number, recipient number, expiration date, thus certificate information inherently has to be generated. Further “a graphic image, in the form of a gift certificate, promotion certificate, incentive certificate, or award certificate” are all non-functional descriptive material to which no patentable weight is given, since not used in a positively recited step. “*For display ...*” is only intended use to which no patentable weight is given either.

V. Independent claim 23 and dependent claims 3, 5, 7-11 and 13: The same arguments are presented as for claim 1. The Examiner responds similarly.

VI. Claims 6, 12, 15-19:

Art Unit: 3688

Claims 6, 12 and 15-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over PHILLIPS as applied to claim 1 above in view of legal precedents and/or Official Notice.

Applicant challenges the Official Notices taken for claims 15-17.

The Examiner took Official Notice, (at OA, 8), that it is old and well-known for companies to provide employee rewards or for merchants to provide loyalty values in the form of reward certificates. Thus it would have been obvious to one skilled in the art at the time the invention was made to use the PHILLIPS system as a vehicle to effect providing such loyalty or reward values. As to this Official Notice, Applicant challenge is defective since arguments are not be presented as to why the Officially Noted Facts are not correct. Thus “Applicant’s bald statements demanding support are not adequate and do not shift the burden to the examiner to provide evidence in support of Official Notice. Allowing such statement to challenge Official Notice would effectively destroy any incentive on the part of the examiner to use the process of establishing a rejection of notoriously well known facts.” *In re Boon*, 169 USPQ 231 (CCPA 1971). Since the challenge is defective, the Officially Noted Facts are taken as admitted. MPEP 2144.03.

The Examiner also took Official Notice that it is also well-known to impose conditions, such as the claimed limitations above, usually for co-branding purposes or to promote sales of a sponsoring merchant. Thus it would have been obvious to a PHOSITA to impose the above claimed conditions to the PHILLIPS system to achieve the above co-branding, or sales promotions goals. (Examiner noted that : Phillips at col. 5 line 62 to col. 6 line 2, in another embodiment with stored card as credit card, is support for the Official Notice that a condition to buy specified goods and services (claim 17) is old and well-known). Here, Appellant’s challenge as to some of the particular claimed conditions as not being well-known, is proper because some arguments as to why these Officially Noted Facts are not correct have been presented. (Br., 13, 2nd paragraph). **The challenge, as to conditions in general being imposed, for co-branding purposes or to promote sales of a sponsoring merchant as not being well-known, is not proper however, because no arguments as to why this Officially Noted Fact is not correct have been presented.**

It is understood, Appellant argues, Br. 13, for example, claims 15-17 are unique because the conditions recited are unusual. The issue then is whether it would have been obvious to a person of ordinary skill in the art having Phillips before him or her, to change the conditions for the incentives, as claimed.

The following have been held, as to obviousness under 35 U.S.C. 103(a):

"The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *Leapfrog Enter., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1161 (Fed. Cir. 2007) (quoting *KSR Int'l Co. v. Teleflex, Inc.*, 127 S. Ct. 1727, 1739 (2007)). A reasonable inference can be drawn that rearrangement of existing parts likely would have been obvious where it does not produce a different function or any new or unexpected results. See *In re Dailey*, 357 F.2d 669, 672-73 (CCPA 1966) ("Appellants have presented no argument which convinces us that the particular configuration of their container is significant or is anything more than one of numerous configurations a person of ordinary skill in the art would find obvious for the purpose of providing mating surfaces in the collapsed container of Matzen.").

To do something in a particular way among the many ways that one of ordinary skill in the art might choose to implement that something, when there is no difference in function or any unexpected result, suggests that it is an obvious matter of "design choice" within the skill in the art. See *In re Rice*, 341 F.2d 309, 314 (CCPA 1965) ("Appellants have failed to show that the change [in the claimed invention] as compared to [the reference], result in a difference in function or give unexpected results. **Such changes in design of the various features are no more than obvious variations consistent with the principles known in that art.**"). Cf *In re Chu*, 66 F.3d 292, 298-99 (Fed. Cir. 1995) (placement of catalyst within a bag retainer instead of between the bag retainer and a bag not merely a matter of "design choice" when it overcomes specific problems in the art). There are countless variations that a person might choose when designing even a simple product. It is often impossible to find an express TSM (teaching, suggestion, motivation) for minor variations, but this does not prove

Art Unit: 3688

nonobviousness. **A person of ordinary skill in the art is presumed to have sufficient skill and creativity to make simple and routine modifications in a design without an express TSM in a reference. That is, "a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ," KSR, 127 S. Ct. at 1741; the court can rely on "common sense," id. at 1742-43; and it is recognized that a "person of ordinary skill is also a person of ordinary creativity, not an automaton," id. at 1742.**

As stated earlier, it is well-known to impose conditions, usually for co-branding purposes or to promote sales of a sponsoring merchant. Thus it would have been obvious to a PHOSITA to impose conditions to the PHILLIPS system to achieve the above co-branding, or sales promotions goals.

Here, it would have been obvious to one of ordinary skill in the art of designing incentives to make variations in the incentives conditions using the knowledge and skill of the artisan where the changes are within the level of skill in the art and do not result in a different function or produce an unexpected result.

Here, if you design an incentive to be conditional on a particular condition the unremarkable result is that the incentive would be honored only upon satisfaction of such condition, consistent with the principles known in contract arts. The condition can be completely arbitrary, dictated by pure whim or by business concerns. Whatever the case, the result is unremarkable. The specification does not explain why the condition is critical to the invention thus it is purely arbitrary and hence obvious. Since as stated above, it is well-known to impose conditions, usually for co-branding purposes or to promote sales of a sponsoring merchant, thus it would have been obvious to a skilled artisan to impose the particular claimed conditions of claims 6, 12, 15-19, if desired, to the PHILLIPS system, to achieve the particular co-branding, or sales promotions effects desired.

VII. **Claim 12:** Appellant argues the credit card function is central to the Phillips card thus cannot be deleted, as asserted by the Examiner, as an obvious deletion, based on In Re

Art Unit: 3688

Karlson, *supra*. However as stated above, Phillips is a stored value certificate sponsored by a merchant (col. 5 lines 64-65) which happens to also be a credit card. Thus, the idea of a stored value certificate sponsored by a merchant is known. It cannot be more obvious that if the credit card function is not desired, to delete it. Deletion of the element with a corresponding loss of function has been held to be obvious, *In re Karlson*, 136 USPQ 184, 186; 311 F2d 581 (CCPA 1963). Thus such deletion in Phillips would have been obvious.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/Khanh H. Le/

Examiner, Art Unit 3688

Conferees:

Vincent Millin, Appeals Practice Specialist:

/ROBERT WEINHARDT/

Supervisory Patent Examiner, Art Unit 3688

Robert Weinhardt, SPE, Art Unit 3688: